GOVERNMENT RESPONSE TO OAG REPORT ON THE FAIR HYDRO PLAN

The government of Ontario does not agree with the assertions and conclusions expressed in the report on Ontario's Fair Hydro Plan (OFHP).

Since 2003, more than $37 billion has been invested in creating clean and reliable electricity generation. Third-party experts confirmed many of the generators in the system can operate beyond the 20-year terms of their contracts, benefiting future ratepayers by reducing the need to finance new generating assets.

Refinancing the Global Adjustment (GA) provides significant and immediate rate relief by matching the cost of current electricity investments with the expected useful life of those investments. This refinancing is being done in the most effective manner within the electricity system, while ensuring the costs are borne by the beneficiaries - the rate payers - not the tax-base.

The government considered a range of options and sought advice from third-party legal, accounting, financial and energy experts to ensure due diligence was completed. The OFHP financial and accounting framework is appropriate for the intended purpose and ensures the fairness goals underlying the program are achieved in a cost-effective manner.

The Province's financial statements are prepared in accordance with PSAS and will follow PSAS in accounting for the OFHP transactions in 2017-18 and the following years. As PSAS is set by an independent standard setting body focused specifically on the public sector, and because PSAS is used by all senior governments in Canada, presenting its financial statements in accordance with PSAS results in transparent financial reporting for the Province of Ontario.